

CAFR

**BASIC  
STATEMENTS**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2006  
(IN THOUSANDS)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Cash and cash equivalents	\$ 681,474	\$ 641,943	\$ 1,323,417	\$ 309,018
Investments	-	-	-	15,731
Receivables, net	171,460	162,485	333,945	98,941
Due from primary government	-	-	-	1,212
Internal balances	25,345	(25,345)	-	-
Inventories	3,242	20,355	23,597	6,179
Prepayments and other assets	13,979	2,495	16,474	1,786
Capital assets				
Land	731,318	324,756	1,056,074	40,084
Infrastructure	953,185	-	953,185	-
Buildings	653,533	1,062,988	1,716,521	675,968
Improvements other than buildings	21,582	2,052,474	2,074,056	22,197
Furniture, machinery and equipment	213,079	1,416,916	1,629,995	279,355
Accumulated depreciation	(342,378)	(2,007,410)	(2,349,788)	(356,291)
Work in progress	77,245	956,121	1,033,366	91,623
Deferred charges	4,082	19,813	23,895	-
Deposits with other governments	-	-	-	600
Prepaid rent	-	1,163	1,163	-
Other assets	-	-	-	15,672
Total assets	<u>3,207,146</u>	<u>4,628,754</u>	<u>7,835,900</u>	<u>1,202,075</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	83,948	61,694	145,642	56,518
Due to component unit	1,212	-	1,212	-
Accrued liabilities	33,066	60,256	93,322	26,131
Notes payable	84,263	50,000	134,263	-
Unearned revenues	47,812	31,902	79,714	5,107
Obligations under reverse repurchase agreements	26,915	25,483	52,398	736
Noncurrent liabilities				
Due within one year	171,804	62,659	234,463	5,232
Due in more than one year	1,045,329	2,319,511	3,364,840	56,663
Total liabilities	<u>1,494,349</u>	<u>2,611,505</u>	<u>4,105,854</u>	<u>150,387</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,754,320	1,566,302	3,320,622	695,093
Restricted for:				
Capital projects	159,720	285,228	444,948	-
Debt service	46,333	39,364	85,697	-
General government	12,438	-	12,438	-
Law, safety and justice	43,830	-	43,830	-
Physical environment	2,673	-	2,673	-
Economic environment	30,305	-	30,305	-
Mental and physical health	23,350	-	23,350	-
Culture and recreation	6,067	-	6,067	-
Litigation	-	4,670	4,670	-
Expendable	-	-	-	166,759
Nonexpendable	-	-	-	16,481
Unrestricted	(366,239)	121,685	(244,554)	173,355
Total net assets	<u>\$ 1,712,797</u>	<u>\$ 2,017,249</u>	<u>\$ 3,730,046</u>	<u>\$ 1,051,688</u>

The notes to the financial statements are an integral part of this statement.

KING COUNTY, WASHINGTON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(IN THOUSANDS)

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Units Total
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
						Governmental Activities	Business-type Activities	Total	
Primary government:									
Governmental activities:									
General government	\$ 149,043	\$ (62,258)	\$ 43,562	\$ 3,020	\$ 6,402	\$ (33,801)	\$	\$ (33,801)	\$
Law, safety & justice	477,009	32,216	127,639	27,595	-	(353,991)		(353,991)	
Physical environment	56,065	1,067	39,085	2,075	11,446	(4,526)		(4,526)	
Transportation	95,241	2,360	13,708	16,351	90,609	23,067		23,067	
Economic environment	90,765	1,694	39,424	23,353	-	(29,682)		(29,682)	
Mental & physical health	358,814	5,786	206,003	106,272	586	(51,739)		(51,739)	
Culture & recreation	40,428	614	6,538	343	-	(34,161)		(34,161)	
Interest and other									
debt service costs	52,144	-	8,339	4,554	-	(39,251)		(39,251)	
Total governmental activities	1,319,509	(18,521)	484,298	183,563	109,043	(524,084)		(524,084)	
Business-type activities:									
Airport	15,053	339	12,481	-	21,248		18,337	18,337	
Public Transportation	523,608	13,346	143,831	56,400	12,780		(323,943)	(323,943)	
Solid Waste	100,576	2,127	94,316	-	988		(7,399)	(7,399)	
Water Quality	241,595	2,648	242,852	-	2,242		851	851	
Other	6,625	61	6,685	-	108		107	107	
Total business-type activities	887,457	18,521	500,165	56,400	37,366	-	(312,047)	(312,047)	
Total primary government	\$ 2,206,966	\$ -	\$ 984,463	\$ 239,963	\$ 146,409	(524,084)	(312,047)	(836,131)	
Component units	\$ 556,566		\$ 534,958	\$ 19,281	\$ 9,284				6,957
General revenues									
Property taxes						468,740	-	468,740	-
Retail sales and use taxes						150,111	367,264	517,375	-
Business and other taxes						56,801	-	56,801	-
Penalties and interest - delinquent taxes						15,322	-	15,322	-
Interest earnings						45,206	28,833	74,039	6,717
Transfers						(2,531)	2,531	-	-
Total general revenues and transfers						733,649	398,628	1,132,277	6,717
Change in net assets						209,565	86,581	296,146	13,674
Net assets - January 1, 2006 (Restated)						1,503,232	1,930,668	3,433,900	1,038,014
Net assets - December 31, 2006						\$ 1,712,797	\$ 2,017,249	\$ 3,730,046	\$ 1,051,688

The notes to the financial statements are an integral part of this statement.

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006  
(IN THOUSANDS)

	GENERAL FUND	PUBLIC HEALTH FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 122,561	\$ 5,226	\$ 389,730	\$ 517,517
Taxes receivable - delinquent	5,949	-	6,098	12,047
Accounts receivable, net	7,773	2,185	21,774	31,732
Other receivables, net	-	-	471	471
Interest receivable	10,415	-	-	10,415
Notes and contracts receivable	-	-	4,127	4,127
Due from other funds	9,907	1,390	30,661	41,958
Interfund short-term loans receivable	7,612	-	-	7,612
Due from other governments, net	34,811	17,194	43,266	95,271
Inventory of supplies	-	1,964	-	1,964
Prepayments	-	-	4,905	4,905
Advances to other funds	3,800	-	-	3,800
<b>TOTAL ASSETS</b>	<b>\$ 202,828</b>	<b>\$ 27,959</b>	<b>\$ 501,032</b>	<b>\$ 731,819</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts payable	\$ 10,138	\$ 15,525	\$ 28,549	\$ 54,212
Due to other funds	7,222	240	30,933	38,395
Interfund short-term loans payable	-	-	1,613	1,613
Due to other governments	1,351	-	3,508	4,859
Due to component unit	-	-	1,212	1,212
Interest payable	-	-	2,427	2,427
Wages payable	13,149	3,687	6,174	23,010
Taxes payable	152	-	37	189
Bonds payable	-	-	2,805	2,805
Deferred revenues	11,402	205	52,313	63,920
Obligations under reverse repurchase agreements	13,228	-	8,150	21,378
Notes and contracts payable	-	-	84,263	84,263
Custodial accounts	1,222	563	9,637	11,422
Advances from other funds	1,200	-	498	1,698
<b>Total liabilities</b>	<b>59,064</b>	<b>20,220</b>	<b>232,119</b>	<b>311,403</b>
<b>Fund balances</b>				
Reserved	24,219	2,980	105,337	132,536
Unreserved				
Designated, reported in				
General Fund	23,230			23,230
Public Health Fund		4,418		4,418
Special Revenue Funds			22,533	22,533
Undesignated, reported in				
General Fund	96,315			96,315
Public Health Fund		341		341
Special Revenue Funds			66,952	66,952
Debt Service Funds			30,413	30,413
Capital Projects Funds			43,678	43,678
<b>Total fund balances</b>	<b>143,764</b>	<b>7,739</b>	<b>268,913</b>	<b>420,416</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 202,828</b>	<b>\$ 27,959</b>	<b>\$ 501,032</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	2,274,997
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	28,340
Governmental activities internal service funds assets and liabilities are included in the governmental activities in the statement of net assets.	76,577
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,087,533)
<b>Net assets of governmental activities</b>	<b>\$ 1,712,797</b>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(IN THOUSANDS)

	GENERAL FUND	PUBLIC HEALTH FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes				
Property taxes	\$ 239,421	\$ -	\$ 229,218	\$ 468,639
Retail sales and use taxes	96,467	-	53,644	150,111
Business and other taxes	12,124	-	44,677	56,801
Penalties and interest - delinquent taxes	15,322	-	-	15,322
Licenses and permits	6,770	11,266	6,618	24,654
Intergovernmental revenues	83,148	130,012	228,934	442,094
Charges for services	101,952	10,841	114,901	227,694
Fines and forfeits	7,809	-	275	8,084
Interest earnings	23,191	-	14,881	38,072
Miscellaneous revenues	12,297	2,788	36,021	51,106
Total revenues	598,501	154,907	729,169	1,482,577
EXPENDITURES				
Current				
General government	92,224	-	43,376	135,600
Law, safety and justice	394,102	-	72,951	467,053
Physical environment	3,812	-	52,789	56,601
Transportation	-	-	95,758	95,758
Economic environment	15,837	-	76,118	91,955
Mental and physical health	22,881	179,798	158,655	361,334
Culture and recreation	-	-	38,981	38,981
Debt Service				
Principal	-	177	83,255	83,432
Interest and other debt service costs	-	14	53,525	53,539
Refunding bond issuance costs	-	-	384	384
Payment to escrow agent	-	-	17,993	17,993
Capital outlay	1,948	449	84,349	86,746
Total expenditures	530,804	180,438	778,134	1,489,376
Excess (deficiency) of revenues over (under) expenditures	67,697	(25,531)	(48,965)	(6,799)
OTHER FINANCING SOURCES (USES)				
Transfers in	236	23,740	145,180	169,156
Transfers out	(68,235)	(189)	(97,858)	(166,282)
General government debt issued	-	-	4,716	4,716
Premium on bonds sold	-	-	1,633	1,633
Refunding bonds issued	-	-	38,330	38,330
Sale of capital assets	75	17	2,182	2,274
Payment to refunded bond escrow agent	-	-	(39,579)	(39,579)
Total other financing sources (uses)	(67,924)	23,568	54,604	10,248
Net changes in fund balances	(227)	(1,963)	5,639	3,449
Fund balances - January 1, 2006	143,991	9,702	263,274	416,967
Fund balances - December 31, 2006	\$ 143,764	\$ 7,739	\$ 268,913	\$ 420,416

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(IN THOUSANDS)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ 3,449
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	55,333
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to increase net assets.	41,756
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	445
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	101,406
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(901)
The net revenues and expenses of certain activities of internal service funds are reported with governmental activities.	8,077
Change in net assets of governmental activities	<u>\$ 209,565</u>

The notes to the financial statements are an integral part of this statement.

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property taxes	\$ 239,170	\$ 239,170	\$ 239,421	\$ 251
Retail sales and use taxes	91,386	91,386	96,467	5,081
Business and other taxes	7,928	7,928	12,124	4,196
Penalties and interest - delinquent taxes	13,425	13,425	15,322	1,897
Licenses and permits	7,546	7,546	6,770	(776)
Intergovernmental revenues	74,783	77,977	83,148	5,171
Charges for services	74,603	97,521	101,952	4,431
Fines and forfeits	7,255	7,260	7,809	549
Interest earnings	22,886	22,886	22,071	(815)
Miscellaneous revenues	12,930	12,934	12,244	(690)
Sale of capital assets	10	10	75	65
Transfers in	14,813	20,223	26,219	5,996
Total revenues	566,735	598,266	623,622	25,356
EXPENDITURES				
Current				
General government services	96,832	99,705	94,118	5,587
Law, safety and justice	393,547	402,522	397,606	4,916
Physical environment	3,843	3,794	3,812	(18)
Economic environment	17,515	23,103	20,646	2,457
Mental and physical health	22,821	23,439	22,881	558
Debt service				
Principal	34	34	-	34
Interest and other debt service costs	3	3	-	3
Capital outlay	1,810	2,756	2,934	(178)
Transfers out	75,838	99,140	94,518	4,622
Total expenditures	612,243	654,496	636,515	17,981
Deficiency of revenues under expenditures (budgetary basis)	\$ (45,508)	\$ (56,230)	(12,893)	\$ 43,337
Adjustment from budgetary basis to GAAP basis			12,666 <sup>(a)</sup>	
Net change in fund balance			(227)	
Fund balance – January 1, 2006			143,991	
Fund balance – December 31, 2006			\$ 143,764	
(a) Elements of adjustment from budgetary basis to GAAP basis:				
Adjustments to revenues				
Recognition of unrealized gains on investments on a GAAP basis			\$ 1,120	
Reclassification of donations from a fiduciary fund, revenue on a GAAP basis			53	
Budgeted intrafund transfers in, eliminated on a GAAP basis			(25,983)	
Adjustments to expenditures				
Encumbrances, not included in GAAP basis expenditures			11,193	
Budgeted transfers out reported as a reduction of advance on a GAAP basis			300	
Budgeted intrafund transfers out, eliminated on a GAAP basis			25,983	
Adjustment from budgetary basis to GAAP basis			\$ 12,666	

The notes to the financial statements are an integral part of this statement.

PUBLIC HEALTH FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2006  
 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Licenses and permits	\$ 10,720	\$ 10,720	\$ 11,266	\$ 546
Intergovernmental revenues	125,886	129,807	130,012	205
Charges for services	15,452	14,768	10,841	(3,927)
Miscellaneous revenues	10,602	7,366	3,086	(4,280)
Transfers in	23,000	23,754	23,740	(14)
Sale of capital assets	-	-	17	17
Total revenues	<u>185,660</u>	<u>186,415</u>	<u>178,962</u>	<u>(7,453)</u>
EXPENDITURES				
Current				
Mental and physical health	184,263	184,288	180,535	3,753
Debt service				
Principal	-	-	177	(177)
Interest and other debt service costs	-	-	14	(14)
Capital outlay	1,662	1,723	535	1,188
Transfers out	514	514	189	325
Total expenditures	<u>186,439</u>	<u>186,525</u>	<u>181,450</u>	<u>5,075</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (779)</u>	<u>\$ (110)</u>	(2,488)	<u>\$ (2,378)</u>
Adjustment from budgetary basis to GAAP basis			525 <sup>(a)</sup>	
Net change in fund balance			(1,963)	
Fund balance – January 1, 2006			<u>9,702</u>	
Fund balance – December 31, 2006			<u>\$ 7,739</u>	

(a) Elements of adjustment from budgetary basis to GAAP basis:

Nonbudgeted proceeds from Emergency Medical Service – donations	\$ (298)
Encumbrances not included in GAAP basis expenditures	823
Adjustment from budgetary basis to GAAP basis	<u>\$ 525</u>

The notes to the financial statements are an integral part of this statement.



STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2006  
 (IN THOUSANDS)  
 (PAGE 1 OF 2)

	BUSINESS-TYPE ACTIVITIES				
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
Current assets					
Cash and cash equivalents	\$ 60,616	\$ 42,966	\$ 67,341	\$ 170,923	\$ 168,192
Restricted cash and cash equivalents	17,748	-	1,833	19,581	-
Accounts receivable	9,789	22,617	6,578	38,984	490
Estimated uncollectible accounts receivable	(83)	-	(54)	(137)	(12)
Due from other funds	431	1,768	1,084	3,283	7,399
Due from other governments, net	67,354	-	840	68,194	326
Inventory of supplies	14,236	4,991	1,122	20,349	1,284
Prepayments and other assets	189	94	2	285	9,074
Total current assets	170,280	72,436	78,746	321,462	186,753
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	169,746	190,752	86,706	447,204	-
Accounts receivable	2,129	-	25	2,154	-
Due from other funds	872	-	2	874	-
Due from other governments	51,311	-	110	51,421	-
Assessments receivable	1,869	-	-	1,869	-
Advances to other funds	1,398	-	-	1,398	-
Notes receivable	1,852	-	-	1,852	-
Total restricted assets	229,177	190,752	86,843	506,772	-
Capital assets					
Land	140,460	148,938	35,358	324,756	-
Buildings	300,993	703,656	58,339	1,062,988	-
Improvements other than buildings	625,211	1,266,563	160,700	2,052,474	3,174
Furniture, machinery and equipment	819,982	508,491	76,162	1,404,635	94,404
Accumulated depreciation	(890,394)	(934,782)	(173,423)	(1,998,599)	(64,384)
Work in progress	160,749	743,045	52,327	956,121	2,843
Total capital assets	1,157,001	2,435,911	209,463	3,802,375	36,037
Other noncurrent					
Prepayments	1,163	-	-	1,163	-
Deferred charges	1,081	18,732	-	19,813	-
Other assets	358	-	-	358	-
Total other noncurrent	2,602	18,732	-	21,334	-
Total noncurrent assets	1,388,780	2,645,395	296,306	4,330,481	36,037
Total Assets	1,559,060	2,717,831	375,052	4,651,943	222,790

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2006  
 (IN THOUSANDS)  
 (PAGE 2 OF 2)

	BUSINESS-TYPE ACTIVITIES				
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
LIABILITIES					
Current liabilities					
Accounts payable	\$ 20,913	\$ 31,300	\$ 8,705	\$ 60,918	\$ 13,156
Claims and judgments payable	1,882	-	-	1,882	-
Estimated claim settlements	-	-	-	-	76,785
Due to other funds	2,391	5,335	3,826	11,552	3,567
Interest payable	671	44,494	101	45,266	9
Interfund short-term loans payable	-	-	-	-	988
Wages payable	10,748	2,772	1,470	14,990	2,643
Compensated absences payable	6,676	605	58	7,339	505
Taxes payable	112	47	177	336	18
Unearned revenues	15,299	-	2,103	17,402	650
Obligations under reverse repurchase agreements	9,825	9,827	5,831	25,483	5,537
Revenue bonds payable	-	24,885	-	24,885	-
General obligation bonds payable	7,095	6,005	6,497	19,597	315
Assessments payable	-	-	-	-	15
Capital leases payable	77	-	-	77	-
State revolving loan payable	-	5,850	-	5,850	-
Notes payable	-	50,000	-	50,000	-
Other liabilities	-	-	412	412	120
Total current liabilities	75,689	181,120	29,180	285,989	104,308
Long-term liabilities					
Rate stabilization reserve	-	14,500	-	14,500	-
Compensated absences payable	34,913	8,165	3,858	46,936	9,457
Advances from other funds	3,500	-	-	3,500	-
General obligation bonds payable	151,400	450,540	20,846	622,786	590
Revenue bonds payable	-	1,474,220	-	1,474,220	-
Deferred bond discount/refunding losses	690	(43,326)	(552)	(43,188)	-
Capital leases payable	3,534	-	-	3,534	-
Assessments payable	-	-	-	-	59
State revolving loans payable	-	112,772	-	112,772	-
Landfill closure and post-closure care liability	-	-	92,879	92,879	-
Estimated claim settlements	-	-	-	-	39,964
Environmental remediation	50	10,356	2,195	12,601	-
Total long-term liabilities	194,087	2,027,227	119,226	2,340,540	50,070
Total Liabilities	269,776	2,208,347	148,406	2,626,529	154,378
NET ASSETS					
Invested in capital assets, net of related debt	995,286	384,874	182,672	1,562,832	35,287
Restricted for:					
Capital projects	221,032	51,965	12,231	285,228	-
Debt service	10,945	28,419	-	39,364	-
Litigation	-	4,670	-	4,670	-
Unrestricted	62,021	39,556	31,743	133,320	33,125
Total Net Assets	\$ 1,289,284	\$ 509,484	\$ 226,646	2,025,414	\$ 68,412
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(8,165)	
Net assets of business-type activities				\$ 2,017,249	

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2006  
 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES				
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES					
I-Net fees	\$ -	\$ -	\$ 3,163	\$ 3,163	\$ -
Radio services	-	-	3,517	3,517	-
Solid waste disposal charges	-	-	88,845	88,845	-
Airfield fees	-	-	2,214	2,214	-
Hangar, building, and site rentals and leases	-	-	9,010	9,010	-
Reimbursement for services to tenants	-	-	1,233	1,233	-
Passenger	114,439	-	-	114,439	-
Special service contracts	3,287	-	-	3,287	-
Sewage disposal fees	-	212,117	-	212,117	-
Other service revenues	26,105	29,200	14	55,319	342,133
Total operating revenues	143,831	241,317	107,996	493,144	342,133
OPERATING EXPENSES					
Personal services	312,939	34,718	39,925	387,582	71,284
Materials and supplies	47,128	9,149	8,242	64,519	10,879
Contract services and other charges	15,162	10,166	27,100	52,428	224,328
Utilities	4,536	9,600	3,094	17,230	-
Purchased transportation	41,547	-	-	41,547	-
Internal services	48,622	27,487	12,779	88,888	19,121
Landfill closure and post-closure care	-	-	7,882	7,882	-
Depreciation	67,975	75,796	17,268	161,039	8,682
Total operating expenses	537,909	166,916	116,290	821,115	334,294
OPERATING INCOME (LOSS)	(394,078)	74,401	(8,294)	(327,971)	7,839
NONOPERATING REVENUES					
Sales tax	367,264	-	-	367,264	-
Intergovernmental	56,400	-	-	56,400	-
Interest earnings	11,332	10,104	7,204	28,640	7,327
DNR administration	-	-	3,039	3,039	-
Rental income	-	-	407	407	-
Miscellaneous	-	1,434	322	1,756	-
Total nonoperating revenues	434,996	11,538	10,972	457,506	7,327
NONOPERATING EXPENSES					
Interest	4,168	72,687	1,523	78,378	58
DNR administration	-	-	3,535	3,535	-
(Gain) Loss on disposal of capital assets	343	5,159	(1,429)	4,073	(520)
Miscellaneous	89	-	3,442	3,531	-
Total nonoperating expenses	4,600	77,846	7,071	89,517	(462)
Income (loss) before contributions and transfers	36,318	8,093	(4,393)	40,018	15,628
Capital grants and contributions	12,780	2,271	25,878	40,929	1,296
Transfers in	-	-	3,111	3,111	1,984
Transfers out	(507)	(11)	(3,322)	(3,840)	(4,468)
CHANGE IN NET ASSETS	48,591	10,353	21,274	80,218	14,440
NET ASSETS - JANUARY 1, 2006 (RESTATED)	1,240,693	499,131	205,372		53,972
NET ASSETS - DECEMBER 31, 2006	\$ 1,289,284	\$ 509,484	\$ 226,646		\$ 68,412
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				6,363	
Change in net assets of business-type activities				\$ 86,581	

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2006  
 (IN THOUSANDS)  
 (PAGE 1 OF 2)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 149,521	\$ 236,600	\$ 109,288	\$ 495,409	\$ 343,705
Cash payments to suppliers for goods and services	(154,171)	(54,397)	(48,467)	(257,035)	(260,284)
Cash payments for employee services	(309,490)	(34,115)	(39,546)	(383,151)	(70,038)
Other receipts	-	-	3,771	3,771	1,046
Other payments	-	-	(3,535)	(3,535)	-
Net cash provided (used) by operating activities	(314,140)	148,088	21,511	(144,541)	14,429
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants and subsidies received	383,820	-	(1,184)	382,636	-
Advances to other funds	447	-	-	447	-
Interest paid on short-term loans	-	(43)	-	(43)	-
Interfund loan principal	-	-	-	-	708
Transfers in	-	-	3,111	3,111	1,984
Transfers out	(507)	(11)	(3,322)	(3,840)	(4,146)
Net cash provided (used) by noncapital financing activities	383,760	(54)	(1,395)	382,311	(1,454)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(56,894)	(269,875)	(35,835)	(362,604)	(10,575)
Principal paid on general obligation bonds	(6,785)	(6,215)	(6,039)	(19,039)	(1,200)
Proceeds from new general obligation bond issue	-	417,505	-	417,505	-
Interest paid on general obligation bonds	(8,555)	(28,279)	(1,662)	(38,496)	(75)
Assessment principal and interest paid	-	-	-	-	(22)
Principal paid on revenue bonds	-	(243,485)	-	(243,485)	-
Interest paid on revenue bonds	-	(57,591)	-	(57,591)	-
Principal paid on capital leases	(73)	-	-	(73)	-
Interest paid on capital leases	(182)	-	-	(182)	-
Assessment principal, interest, and penalties received	450	-	-	450	-
Interest paid on notes payable	-	(3,533)	-	(3,533)	-
Principal paid on state loans	-	(3,479)	-	(3,479)	-
Interest paid on state loans	-	(2,273)	-	(2,273)	-
Proceeds from new state loans	-	10,618	-	10,618	-
Capital grants received	15,222	5,449	22,160	42,831	-
Deferred costs	-	5,673	(7,374)	(1,701)	-
Proceeds from disposal of capital assets	554	-	11	565	1,389
Net cash used by capital and related financing activities	(56,263)	(175,485)	(28,739)	(260,487)	(10,483)
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease in pooled reverse repurchase agreements	(13,164)	(10,071)	(11,362)	(34,597)	(7,214)
Interest on investments (including unrealized gains/losses reported as Cash and cash equivalents)	11,332	-	7,203	18,535	7,327
Proceeds from sale of investments	-	-	-	-	111
Net cash provided (used) by investing activities	(1,832)	(10,071)	(4,159)	(16,062)	224
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,525	(37,522)	(12,782)	(38,779)	2,716
CASH AND CASH EQUIVALENTS – JANUARY 1, 2006	236,585	271,240	168,662	676,487	165,476
CASH AND CASH EQUIVALENTS – DECEMBER 31, 2006	\$ 248,110	\$ 233,718	\$ 155,880	\$ 637,708	\$ 168,192

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2006  
 (IN THOUSANDS)  
 (PAGE 2 OF 2)

	BUSINESS-TYPE ACTIVITIES				
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	<u>\$ (394,078)</u>	<u>\$ 74,401</u>	<u>\$ (8,294)</u>	<u>\$ (327,971)</u>	<u>\$ 7,839</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Depreciation	67,975	75,796	17,268	161,039	8,682
Landfill closure and post-closure care	-	-	7,882	7,882	-
Other nonoperating revenue/expense	-	-	236	236	-
Changes in assets - (increase) decrease					
Accounts receivable, net	4,483	(5,704)	(801)	(2,022)	112
Notes and contracts receivable	-	-	6	6	-
Due from other funds	1,492	-	3,135	4,627	(4,490)
Due from other governments, net	-	985	(237)	748	(251)
Inventory of supplies	824	(304)	(119)	401	287
Prepayments	111	-	(2)	109	(5,553)
Changes in liabilities - increase (decrease)					
Accounts payable	(1,820)	1,497	4,576	4,253	2,880
Due to other funds	2,131	814	(2,546)	399	871
Wages payable	847	143	134	1,124	177
Taxes payable	86	-	3	89	(1)
Unearned revenues	1,214	-	(34)	1,180	398
Claims and judgments payable	1,052	-	-	1,052	-
Estimated claim settlements	-	-	-	-	2,382
Compensated absences	1,543	460	242	2,245	1,069
Customer deposits and other liabilities	-	-	62	62	27
Total adjustments	<u>79,938</u>	<u>73,687</u>	<u>29,805</u>	<u>183,430</u>	<u>6,590</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (314,140)</u>	<u>\$ 148,088</u>	<u>\$ 21,511</u>	<u>\$ (144,541)</u>	<u>\$ 14,429</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Contributions of capital assets from government	\$ -	\$ 279	\$ 9,277	\$ 9,556	\$ 1,296

The notes to the financial statements are an integral part of this statement.

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2006  
(IN THOUSANDS)

	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS		
Cash and cash equivalents	\$ -	\$ 134,871
Assets held in trust - external investment pool	-	2,058,211
Investments	2,053,183	4,902
Assets held in trust - individual investment accounts	-	3,242
Taxes receivable - delinquent	-	57,947
Accounts receivable	-	3,247
Interest receivable	13,281	-
Assessments receivable	-	9,202
Notes and contracts receivable	-	65
TOTAL ASSETS	<u>2,066,464</u>	<u>\$ 2,271,687</u>
LIABILITIES		
Warrants payable	-	\$ 86,634
Accounts payable	-	10,463
Obligations under reverse repurchase agreements	84,590	-
Liability allocated from external investment pool	-	84,590
Interfund loans payable	5,011	-
Wages payable	-	4,131
Custodial accounts - County agencies	-	65,361
Due to special districts/other governments	-	2,020,508
TOTAL LIABILITIES	<u>89,601</u>	<u>\$ 2,271,687</u>
NET ASSETS		
Held in trust for pool/individual investment account participants	<u>\$ 1,976,863</u>	

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(IN THOUSANDS)

	<u>INVESTMENT TRUST FUNDS</u>
ADDITIONS	
Contributions	\$ 6,049,040
Net investment earnings (losses)	
Interest	99,356
Decrease in the fair value of investments	<u>(4,289)</u>
TOTAL ADDITIONS	6,144,107
DEDUCTIONS	
Distributions	<u>5,811,057</u>
Change in net assets	333,050
Net assets - January 1, 2006	<u>1,643,813</u>
Net assets - December 31, 2006	<u><u>\$ 1,976,863</u></u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET ASSETS  
 COMPONENT UNITS  
 DECEMBER 31, 2006  
 (IN THOUSANDS)

	Harborview Medical Center	WSMLB Stadium Public Facilities District	Cultural Development Authority	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 280,731	\$ 15,330	\$ 12,957	\$ 309,018
Investments	-	-	15,731	15,731
Receivables, net	98,029	71	841	98,941
Due from primary government	-	-	1,212	1,212
Inventories	6,179	-	-	6,179
Prepayments	1,786	-	-	1,786
Capital assets				
Land	1,586	38,498	-	40,084
Buildings	186,504	489,464	-	675,968
Improvements other than buildings	1,531	20,666	-	22,197
Furniture, machinery and equipment	279,290	65	-	279,355
Accumulated depreciation	(262,918)	(93,373)	-	(356,291)
Work in progress	91,623	-	-	91,623
Deposits with other governments	600	-	-	600
Other assets	15,672	-	-	15,672
Total assets	<u>700,613</u>	<u>470,721</u>	<u>30,741</u>	<u>1,202,075</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	55,808	396	314	56,518
Accrued liabilities	26,131	-	-	26,131
Unearned revenues	402	-	4,705	5,107
Obligations under reverse repurchase agreements	-	736	-	736
Noncurrent liabilities				
Due within one year	2,240	2,617	375	5,232
Due in more than one year	8,768	44,218	3,677	56,663
Total liabilities	<u>93,349</u>	<u>47,967</u>	<u>9,071</u>	<u>150,387</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	286,608	408,485	-	695,093
Restricted for:				
Expendable	155,942	-	10,817	166,759
Nonexpendable	1,576	-	14,905	16,481
Unrestricted	163,138	14,269	(4,052)	173,355
Total net assets	<u>\$ 607,264</u>	<u>\$ 422,754</u>	<u>\$ 21,670</u>	<u>\$ 1,051,688</u>

The notes to the financial statements are an integral part of this statement.



KING COUNTY, WASHINGTON  
STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(IN THOUSANDS)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Harborview Medical Center	WSMLB Stadium Public Facilities District	Cultural Development Authority	Total
Component units:								
Harborview Medical Center	\$ 537,170	\$ 533,904	\$ 7,675	\$ 9,284	\$ 13,693	\$ -	\$ -	\$ 13,693
WSMLB Stadium	13,515	872	-	-	-	(12,643)	-	(12,643)
Cultural Development Authority	5,881	182	11,606	-	-	-	5,907	5,907
Total component units	<u>\$ 556,566</u>	<u>\$ 534,958</u>	<u>\$ 19,281</u>	<u>\$ 9,284</u>	<u>13,693</u>	<u>(12,643)</u>	<u>5,907</u>	<u>6,957</u>
General revenues								
Interest earnings					5,148	794	775	6,717
Change in net assets					18,841	(11,849)	6,682	13,674
Net assets - January 1, 2006					588,423	434,603	14,988	1,038,014
Net assets - December 31, 2006					<u>\$ 607,264</u>	<u>\$ 422,754</u>	<u>\$ 21,670</u>	<u>\$ 1,051,688</u>

The notes to the financial statements are an integral part of this statement.